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Proposed Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE COMPANY,

Debtor.

In re:

USA CAPITAL REALTY ADVISORS, LLC,

Debtor.

In re:

USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,

Debtor.

In re:

USA CAPITAL FIRST TRUST DEED FUND, LLC,

Debtor.

In re:

USA SECURITIES, LLC,

Debtor.

Affects:

- ☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

Case No. BK-S-06-10725 LBR

Case No. BK-S-06-10726 LBR

Case No. BK-S-06-10727 LBR

Case No. BK-S-06-10728 LBR

Case No. BK-S-06-10729 LBR

Chapter 11

**Jointly Administered Under
 Case No. BK-S-06-10725 LBR**

Date:

Time:

SCHWARTZER & MCPHERSON LAW FIRM

2850 South Jones Boulevard, Suite 1

Las Vegas, Nevada 89146-5308

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FIRST SUPPLEMENTAL DECLARATION OF THOMAS J. ALLISON IN SUPPORT OF DEBTORS' MOTION FOR ORDER AUTHORIZING (I) THE EMPLOYMENT AND RETENTION OF MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CRISIS MANAGERS FOR THE DEBTORS, AND (II) THE DESIGNATION OF THOMAS J. ALLISON OF MESIROW FINANCIAL INTERIM MANAGEMENT, LLC AS CHIEF RESTRUCTURING OFFICER FOR THE DEBTORS AND THE EMPLOYMENT OF CERTAIN TEMPORARY EMPLOYEES (AFFECTS ALL DEBTORS)

I, Thomas J. Allison hereby state and declare:

1. I am a Senior Managing Director of Mesirow Financial Interim Management ("MFIM"), a professional services firm engaged in the business of providing interim management services. I submit this first supplemental declaration (the "First Supplemental Declaration") on behalf of MFIM in support of the Debtors' Motion For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the "Employment Motion"). I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.¹

2. The Employment Motion and Declaration Of Thomas J. Allison In Support Of Debtors' Motion For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the "Original Declaration") was filed with this Court on April 14, 2006. The Original Declaration is incorporated herein by reference.

3. The Court allowed the Employment Motion on an interim basis on April 19, 2006.

4. This First Supplemental Declaration supplements those disclosures previously made by MFIM in the Original Declaration.

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¹ Certain of the disclosures herein relate to matters within the knowledge of other professionals at MFIM

DISCLOSURE OF CONNECTIONS UNDER BANKRUPTCY RULE 2014(a)

5. MFIM disclosed in its Original Affidavit that MFIM is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc., a diversified financial services firm which also offers services in investment management, insurance services, investment services, investment banking and real estate (collectively "Mesirow Financial").

6. Paragraphs 13 through 15 of the Original Affidavit describe the ethical and trading wall procedures that have been established by MFIM and Mesirow Financial to (a) prohibit the sharing of confidential or non-public information relating to the Debtors and (b) disclose the ongoing securities transactions that may be executed by Mesirow Financial's affiliated broker dealer/investment advisor subsidiaries relating to the Debtors.

7. As disclosed in my Supplemental Declaration In Support Of Debtors Motions (filed with this Court on May 3, 2006) (the "May 3 Declaration"), under my direction, account reconciliations are being performed for each of the Loan Investors (as that term is defined in the May 3 Declaration) and certain of this work is being performed by employees of MFIM.

8. Based upon this reconciliation process, I learned that the following individual's IRA account is a Loan Investor in a loan serviced by USA Commercial Mortgage and Mesirow Financial, Inc. is the custodian for the account:

Mesirow Financial, Inc.
Custodian for Ira J. Miller IRA
350 N Clark Street
Chicago, IL 60610

This information was discovered solely through a review of the Debtors' records.

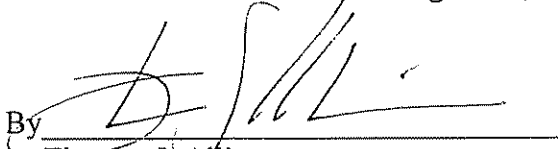
9. The Employment Application disclosed that the Debtors paid an insurance premium of \$550,000 to obtain directors' & officers' liability coverage for me in my capacity as Chief Restructuring Officer. This coverage, which was obtained before the initiation of these bankruptcy cases, also covers certain other officers of the Debtors and other MFIM personnel assigned to this engagement to the extent that they fill officer positions. The premium was paid to Indian Harbor Insurance Company. Mesirow Insurance Services, Inc. acted as the broker for this policy and was paid a commission.

10. To the best of my knowledge, except as disclosed in the Original Declaration or as set forth herein, (a) MFIM has no connections with the Debtors, creditors and any other party-in-interest, or their respective attorneys and advisors; and (b) the MFIM professionals working on this matter are not relatives of the United States Trustee of the District of Nevada or of any known employee in the office thereof, or any United States Bankruptcy Judge of the District of Nevada.

11. If and when additional information becomes known with respect to any other relationships that may exist between MFIM, or its professionals and the Debtors, creditors, or any other party-in-interest which may affect these cases, supplemental declarations describing such information will be filed with the Court.

I declare, under penalty of perjury, that, to the best of my knowledge, information and belief, that the foregoing is true and correct.

Mesirow Financial Interim Management, LLC

By 

Thomas J. Allison
Senior Managing Director
Mesirow Financial Consulting, LLC
321 North Clark Street
13th Floor
Chicago, IL 60610

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